
UNDERSTANDING MEDICARE PART B: WHAT PATIENTS NEED TO KNOW ABOUT IV THERAPY REIMBURSEMENT

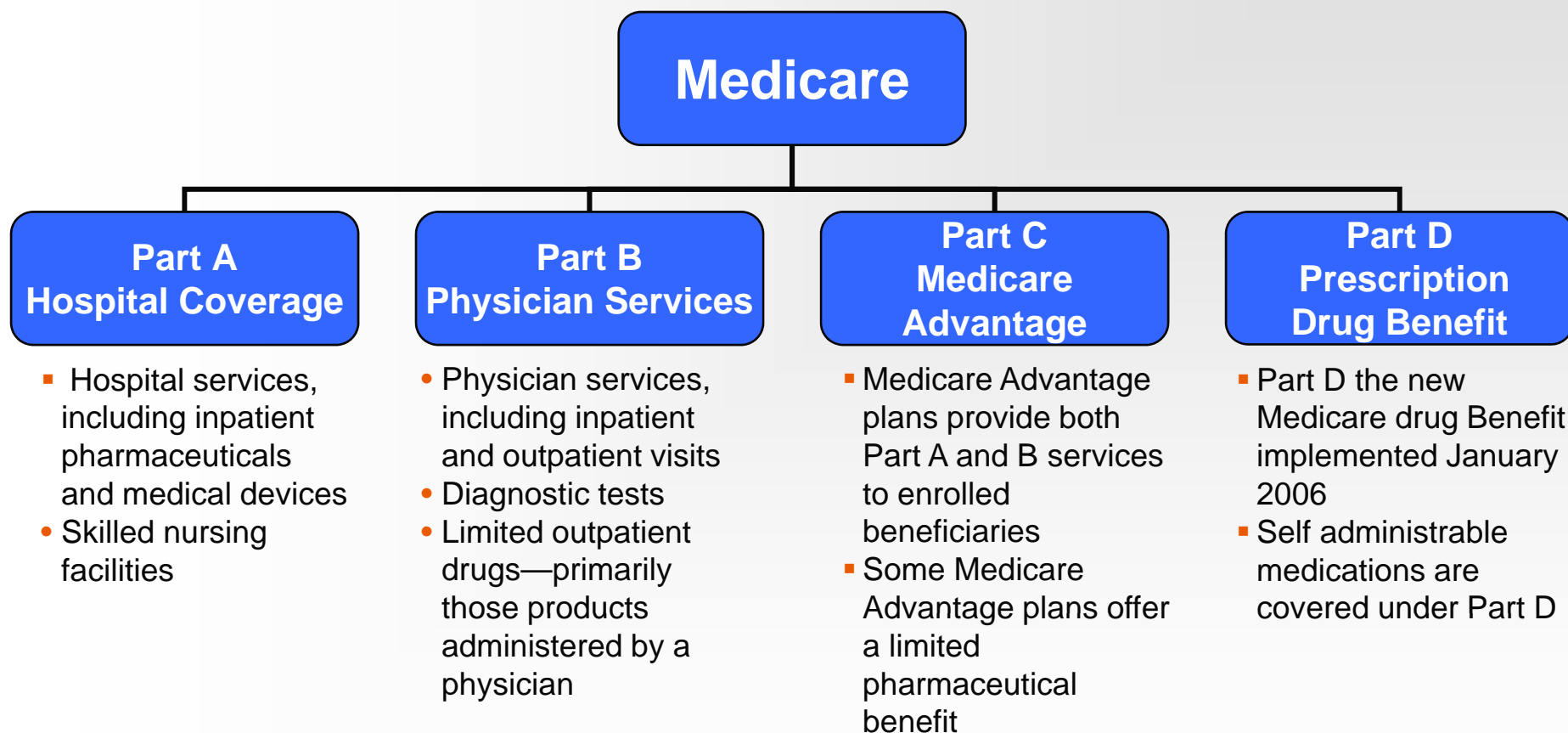
Cynthia Sherman
Director, Business Development
Quorum Consulting

Presentation Overview

- Understanding Medicare
 - Physician office reimbursement
 - Hospital outpatient reimbursement
 - Compendium influence
- Patient access to care
 - Reimbursement hotlines
 - ◆ Verifications, appeals, explanations of variations in state access
 - Patient assistance programs
 - Co-payment foundations
- Changes on the horizon

Understanding Medicare

Medicare spans all settings of care



Medicare Part B

- Medicare Part B covers certain drugs and biologicals if they meet specified requirements:
 - Not usually self-administered
 - Administered “incident to a physician’s service” (typically, drug must be supplied, administered, and billed or directly supervised by a physician)
 - Medically necessary

Medicare Part B: Physician Office

- Contractor
 - Medicare Part B (carriers)
 - Seventeen carriers to date
- Coverage
 - FDA-approved indications
 - Compendium listings
 - Local coverage determinations (LCDs)
 - ◆ Expanded access policies

Medicare Part B: Physician Office (cont)

■ Reimbursement

- Physician-administered drugs are reimbursed by Medicare at 106 percent of average sales price (ASP)
- ASP rates are updated quarterly by Medicare

■ Patient out-of-pocket costs

- Patient cost-sharing obligations apply to nearly all drugs and services provided under Medicare Part B, including physician-administered drugs and its administration.
- Medicare pays 80 percent of the allowable and patients are responsible for the remaining 20 percent of the cost, also called the “co-payment” or “co-pay”
- A large percentage (88 percent) of patients are reported to have a secondary payer to cover the cost sharing amount

Medicare Part B: Physician Office (cont)

- Competitive acquisition program (CAP)
 - CAP is a distribution option for physicians who do not want to be involved in drug acquisition
 - ◆ The vendor ships drug directly to the physician's office
 - ◆ The vendor collects the co-payment from the patient and bills Medicare directly
 - Enrollment among oncologists is low

Medicare Part A: Hospital Outpatient

- Contractor
 - Medicare Part A (fiscal intermediary)
 - ◆ Claims processor
 - Must have elected in to Part B to have hospital outpatient benefits
- Coverage
 - FDA-approved indications
 - Compendium listings
 - The intermediary will follow LCD determined by the carrier

Medicare Part A: Hospital Outpatient (cont)

- Patient out-of-pocket costs
 - 20 percent co-payment for drugs and services
 - 88 percent of patients reported to have secondary payer for 20 percent co-payment

Medicare Part A: Hospital Outpatient (cont)

- Reimbursement
 - A prospective payment also known as the Hospital Outpatient Prospective Payment System (OPPS), used by Medicare to reimburse hospitals.
 - IV drugs are reimbursed by Medicare at 106 percent of ASP if assigned a designated code
 - ◆ These drugs must be separately billable and cost in excess of \$55 per day
 - IV drugs without a unique identifier are reimbursed at Wholesale Acquisition Cost or invoice costs (if WAC is not available)
 - ◆ Former reimbursement was based on Average Wholesale Price, which was a disadvantage to patients
 - ASP rates updated quarterly
 - CMS instituted large increases for administration reimbursement

Note: Hospital outpatient departments should bill all charges appropriately as CMS will use these charges to set payment rates in the future

Excluded Cancer Hospitals

- Eleven hospitals qualify for special treatment by Medicare for reimbursement
 - Medicare PPS Excluded Cancer Hospitals
 - These hospitals are paid for outpatient services under
 - ◆ The hold-harmless methodology (most **hold-harmless** hospitals will be reimbursed 85 percent of the "reasonable cost")
 - ◆ The APC methodology, similar to other hospitals (However, periodically, Medicare provides these hospitals with extra payments to ensure that these cancer hospitals are not underpaid under the hospital outpatient reimbursement system)

PPS Excluded Hospitals

- City of Hope National Medical Center (Los Angeles , CA)
- USC Kenneth Norris Jr. Cancer Hospital (Los Angeles , CA)
- Dana-Farber Cancer Institute (Boston, MA)
- Memorial Hospital for Cancer and Allied Disease (New York , NY)
- Roswell Park Memorial Institute (Buffalo , NY)
- American Oncologic Hospital (Philadelphia , PA)
- The University of Texas M. D. Anderson Cancer Center (Houston , TX)
- Fred Hutchinson Cancer Research Center (Seattle , WA)
- Arthur G. James Cancer Hospital and Research Institute (Columbus , OH)
- University of Miami Hospital and Clinics (Miami , FL)
- H.Lee Moffitt Cancer and Research Institute Hospital, Inc (Tampa , FL)

Compendium Influence

- Two existing Medicare-recognized compendia
 - United States Pharmacopeia Drug Information (USP DI)
 - American Hospital Formulary Service Drug Information (AHFS DI)
- If a drug receives a positive evaluation in one of these compendia, all carriers are required to expand access for that indication
- The compendia are being overhauled
 - CMS demanding clear criteria for all compendia
 - Expansion of Medicare-recognized compendia expected to take effect in 2008
- Changes will allow broader treatment options for patients

Patient Access to Care

Reimbursement Hotlines

- Insurance verification
 - Determines specific requirements for coverage
 - Prior authorization (PA)
 - Mechanism to control utilization of high cost products
 - Medicare does not prior authorize ANYTHING
 - PA is a tool used primarily by commercial payers

Reimbursement Hotlines (cont)

- Coding and reimbursement research
- Problem claim assistance
- Hotline examples
 - VELCADE Reimbursement Assistance Program
 - ◆ 1.866.VELCADE, option # 2
 - IMF Hotline
 - ◆ 1.800.452.CURE

Patient Assistance Programs

- Drugs provided free if various criteria are met, such as:
 - Patient meets pre-determined financial criteria
 - Patient lacks insurance coverage
 - Patient is denied coverage by insurance company
- Most manufacturers provide some type of PAP for high cost products
- Protocols vary depending on PAP
- PAP example
 - 1.866.VELCADE, option #2

Co-Payment Foundations

- Bona fide or independent charities, that support underinsured patients
- Model encouraged by the Centers for Medicare & Medicaid Services (CMS) and the Office of Inspector General (OIG)
- Assistance not specific and provided regardless of drug or treatment

Co-Payment vs PAP

	Offered by:	Assistance provided:	Primarily assists:
Co-pay Assistance Foundations	Bona fide independent charities and foundations	Provide financial assistance with drug co-pays or other cost shares	The <u>underinsured</u>
Traditional Patient Assistance Programs	Pharmaceutical and biotechnology manufacturers	Provide medications at low or no cost to eligible patients	The <u>uninsured</u>

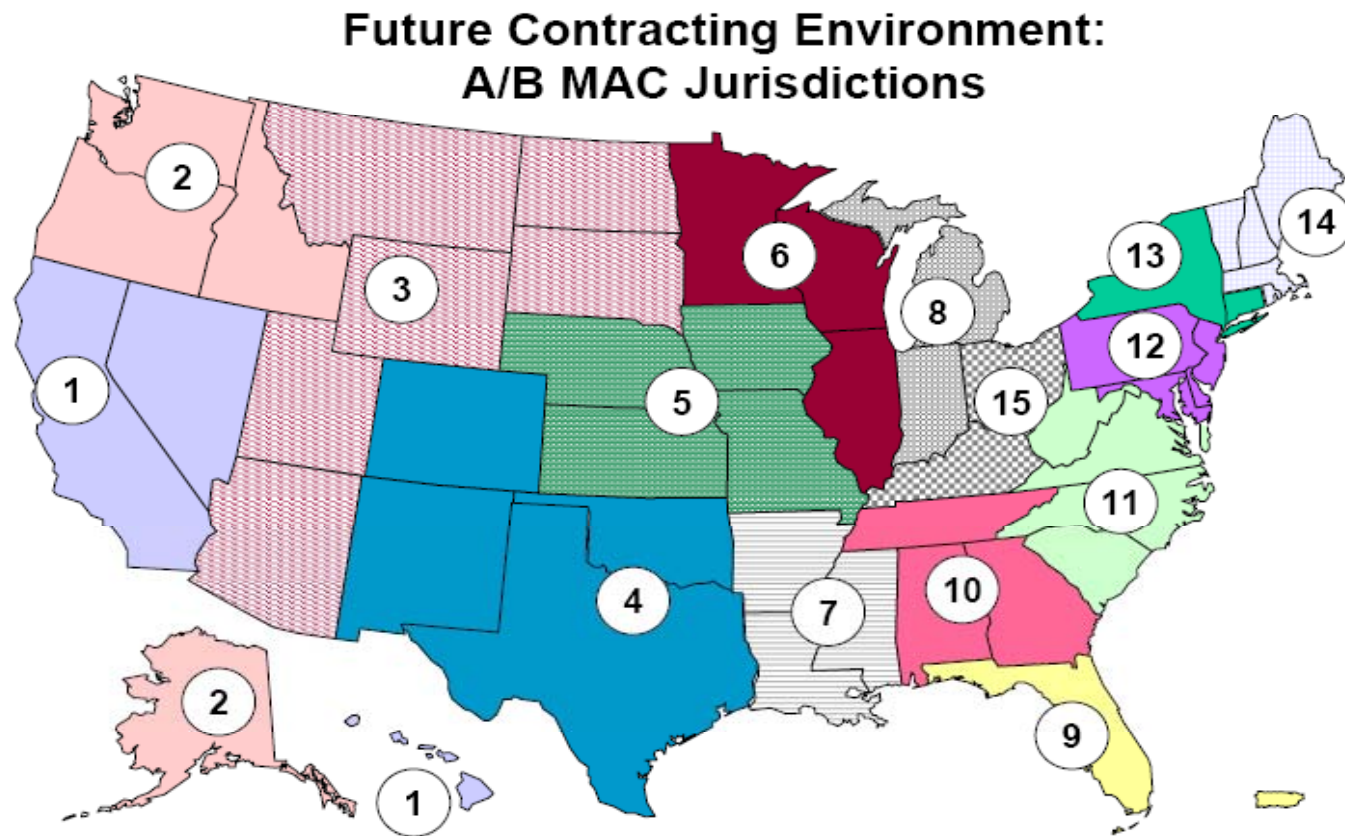
Co-Payment Foundations

- HealthWell Foundation
 - www.healthwellfoundation.org
 - Phone: (800) 675-8416
- Patient Access Network Foundation
 - www.patientaccessnetwork.org
 - Phone: (866) 316-7261
- Chronic Disease Fund
 - www.cdfund.org
 - Phone: (877) 968-7233

Changes on the Horizon



Medicare Administrative Contractor (MAC) Jurisdictions



MAC Schedule

J3: Awarded Sept 2006

J1, J2, J4, J5, J7, J12, J13: Awarded Sept 2007

Remainder: Awarded Sept 2008

Questions

- What MAC will have responsibility for your state?
- Will policy transition have an impact for your patients?
- Could there be delays or denials for patient claims?

Part B Messages

- Confidence in Part B
 - Oncologists are accustomed to Part B reimbursement methods/procedures
 - Standard billing and reimbursement procedures
 - Predictable co-pay
 - Supplemental coverage allowed

Part D Messages

- Confusion with Part D
 - Physician spends more time with patients
 - ◆ Is the patient part of an oral drug plan?
 - ◆ What tier is my drug on the PDP or MA-PD formulary?
 - Physician must research drug coverage
 - ◆ Physician NOT reimbursed for additional time
 - Inconsistent and confusing co-pay

Moving Towards 2008

- Commercial payers establishing treatment guidelines
 - Practices encouraged to follow guidelines
 - Spillover effect in Medicare
- Pay-for-performance is a reality
- Patient's high cost-sharing will be addressed by Congress or CMS
 - Election will play a key role in changes

Disclaimer

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